GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA

UNSTARRED QUESTION NO:2623
ANSWERED ON:21.03.2005
INVESTMENT OF PENSION FUND
Zahedi Shri Mahboob

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether the Government has formed a separate pension fund control and development authority and promulgated an ordinance;

(b) if so, whether the ordinance disregards the Labour`s interest;

(c) whether the Government proposes to privatise the pension project;

(d) if so, the areas where the Government proposes to invest the pension fund; and

(e) the steps initiated to protect the interest of the labour class ?

Answer

MINISTER OF LABOUR AND EMPLOYMENT (SHRI K. CHANDRASEKHAR RAO)

(a) to (e): The Pension Fund Regulatory and Development Authority Ordinance, 2004, promulgated on 29th December, enables the Government to set up a statutory regulator called the Pension Fund Regulatory and Development Authority(PFRDA) for promoting and ensuring the orderly growth of the pension sector and protecting the interests of subscribers with sufficient powers over pension funds, the central record keeping agency and other intermediaries. The Authority would be established from the date of notification by Central Government. Government proposes to open up pension funds to competing operators, including private operators, which would be regulated by the Pension Fund Regulatory & Development Authority (PFRDA). Investment guidelines for pension funds would be framed by PFRDA. A number of measures are envisaged in the legal framework for safety of the funds, including, inter-alia, penalties of upto Rs.25 crore and /or imprisonment upto ten years for non-compliance with regulatory provisions.